

AMENDED IN ASSEMBLY APRIL 13, 2016

AMENDED IN ASSEMBLY MARCH 18, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 2430

Introduced by Assembly Member Beth Gaines

February 19, 2016

An act to add and repeal Article 7.5 (commencing with Section 18781) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2430, as amended, Beth Gaines. Voluntary contributions: ~~Juvenile Type 1~~ Diabetes Research Fund.

Under existing law, taxpayers are allowed to contribute amounts in excess of their personal income tax liability for the support of various funds. Existing law also contains administrative provisions that are generally applicable to voluntary contributions.

This bill would allow a taxpayer to designate an amount in excess of personal income tax liability to be deposited to the ~~Juvenile Type 1~~ Diabetes Research Fund, which the bill would create. The bill would require moneys transferred to the ~~Juvenile Type 1~~ Diabetes Research Fund, upon appropriation by the Legislature, to be allocated to the Franchise Tax Board and the Controller, as provided, and to the ~~Juvenile Diabetes Research Fund~~ for the purpose of fighting type 1 diabetes, *an authorized diabetes research organization, as defined, for the purpose of type 1 diabetes research*, as provided.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 7.5 (commencing with Section 18781) is added to Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code, to read:

Article 7.5. ~~Juvenile~~ *Type 1* Diabetes Research Fund

18781. (a) Any individual may designate on the tax return that a contribution in excess of the tax liability, if any, be made to the ~~Juvenile~~ *Type 1* Diabetes Research Fund established by Section 18782 to be used by the ~~Juvenile Diabetes Research Fund~~. 18782.

(b) The contribution shall be in full dollar amounts and may be made individually by each signatory on the joint return.

(c) A designation under subdivision (a) shall be made for any taxable year on the ~~initial~~ *original* return for that taxable year, and once made shall be irrevocable. If payments and credits reported on the return, together with any other credits associated with the individual's account, do not exceed the individual's tax liability, the return shall be treated as though no designation has been made.

(d) (1) The Franchise Tax Board shall revise the form of the return to include a space labeled—~~"Juvenile"~~ *"Type 1 Diabetes Research Fund"* to allow for the designation permitted under subdivision (a). The form shall also include in the instructions information that the contribution may be in the amount of one dollar (\$1) or more and that the contribution shall be used to conduct the activities of the ~~Juvenile Diabetes Research Fund~~. *an authorized diabetes research organization*.

(2) Notwithstanding any other law, a voluntary contribution designation for the ~~Juvenile~~ *Type 1* Diabetes Research Fund shall not be added on the tax return until another voluntary contribution designation is removed or space is available, whichever occurs first.

(e) A deduction shall be allowed under Article 6 (commencing with Section 17201) of Chapter 3 of Part 10 for any contribution made pursuant to subdivision (a).

18781.5. *For purposes of this article:*

(a) An *"authorized diabetes research organization"* means either:

1 (1) A university, located within the state, with a research
2 program.

3 (2) A nonprofit charitable organization exempt from federal
4 income tax as an organization described in Section 501(c)(3) of
5 the Internal Revenue Code that engages in research.

6 (b) “Research” shall include, but not be limited to, expenditures
7 to develop and advance the understanding, techniques, and
8 modalities effective in the cure, screening, and treatment of type
9 1 diabetes.

10 18782. There is hereby established in the State Treasury the
11 ~~Juvenile Type 1~~ Diabetes Research Fund to receive contributions
12 made pursuant to Section 18781. The Franchise Tax Board shall
13 notify the Controller of both the amount of money paid by
14 taxpayers in excess of their tax liability and the amount of refund
15 money that taxpayers have designated pursuant to Section 18781
16 to be transferred to the ~~Juvenile Type 1~~ Diabetes Research Fund.
17 The Controller shall transfer from the Personal Income Tax Fund
18 to the ~~Juvenile Type 1~~ Diabetes Research Fund an amount not in
19 excess of the sum of the amounts designated by individuals
20 pursuant to Section 18781 for payment into that fund.

21 18783. All moneys transferred to the ~~Juvenile Type 1~~ Diabetes
22 Research Fund pursuant to Section 18782, upon appropriation by
23 the Legislature, shall be allocated as follows:

24 (a) To the Franchise Tax Board and the Controller for
25 reimbursement of all costs incurred by the Franchise Tax Board
26 and the Controller in connection with their duties under this article.

27 (b) ~~The balance for the purpose of fighting type 1 diabetes, to~~
28 ~~an authorized diabetes research organization for the purpose of~~
29 ~~type 1 diabetes research. The authorized diabetes research~~
30 ~~organization may use up to 5 percent of the moneys allocated to~~
31 ~~it for administering and promoting the research.~~

32 18784. (a) Except as otherwise provided in paragraph (2) of
33 subdivision (b), this article shall remain in effect only until January
34 1 of the fifth taxable year following the first appearance of the
35 ~~Juvenile Type 1~~ Diabetes Research Fund on the personal income
36 tax return, and is repealed as of December 1 of that year.

37 (b) (1) By September 1 of the second calendar year and each
38 subsequent calendar year that the ~~Juvenile Type 1~~ Diabetes
39 Research Fund appears on the tax return, the Franchise Tax Board
40 shall do both of the following:

1 (A) Determine the minimum contribution amount required to
2 be received during the next calendar year for the fund to appear
3 on the tax return for the taxable year that includes that next calendar
4 year.

5 (B) Determine whether the amount of contributions estimated
6 to be received during the calendar year will equal or exceed the
7 minimum contribution amount determined by the Franchise Tax
8 Board for the calendar year pursuant to subparagraph (A). The
9 Franchise Tax Board shall estimate the amount of contributions
10 to be received by using the actual amounts received and an estimate
11 of the contributions that will be received by the end of that calendar
12 year.

13 (2) If the Franchise Tax Board determines that the amount of
14 the contributions estimated to be received during a calendar year
15 will not at least equal the minimum contribution amount for the
16 calendar year, this article shall be inoperative with respect to
17 taxable years beginning on or after January 1 of that calendar year
18 and shall be repealed on December 1 of that year.

19 (3) For purposes of this section, the minimum contribution
20 amount for a calendar year means two hundred fifty thousand
21 dollars (\$250,000) for the second calendar year after the first
22 appearance of the ~~Juvenile Type 1~~ Diabetes Research Fund on the
23 personal income tax return or the minimum contribution amount
24 as adjusted pursuant to subdivision (c).

25 (c) For each calendar year, beginning with the third calendar
26 year after the first appearance of the ~~Juvenile Type 1~~ Diabetes
27 Research Fund on the personal income tax return, the Franchise
28 Tax Board shall adjust, on or before September 1 of that calendar
29 year, the minimum contribution amount specified in subdivision
30 (b) as follows:

31 (1) The ~~minimum-estimated~~ contribution amount for the calendar
32 year shall be an amount equal to the product of the minimum
33 ~~estimated~~ contribution amount for the *prior* calendar year
34 multiplied by the inflation factor adjustment as specified in
35 subparagraph (A) of paragraph (2) of subdivision (h) of Section
36 17041, rounded off to the nearest dollar.

37 (2) The inflation factor adjustment used for the calendar year
38 shall be based on the figures for the percentage change in the
39 California Consumer Price Index for all items received on or before

1 August 1 of the calendar year pursuant to paragraph (1) of
2 subdivision (h) of Section 17041.
3 ~~(d) Notwithstanding the repeal of this article, any contribution~~
4 ~~amounts designated pursuant to this article prior to its repeal shall~~
5 ~~continue to be transferred and disbursed in accordance with this~~
6 ~~article as in effect immediately prior to that repeal.~~

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